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**UNITED STATES BANKRUPTCY COURT, SOUTHERN DISTRICT OF NEW YORK**  
**In re: CELSIUS NETWORK LLC, et al., Debtors**  
**Chapter 11, Case No. 22-10964 (MG), Jointly Administered**

**Response to the order appointing an examiner, Docket #923, and the motion for entry of an order directing the appointment of an examiner, Docket #546.**

I, Alexander P. Simmons, am a Celsius Network Limited creditor from the United Kingdom, also known online as Digitechnomad. I am one of the admins of the unrepresented ad-hoc group named "Non US Celsians."

I am relieved that Alex Mashinsky has resigned from his position as CEO and that the examiner has been appointed. The amount of wrongdoing committed by Celsius along with their level of mismanagement has been truly remarkable.

Today, I am filing this response to request additional investigations from the examiner.

- I believe that a public investigation into Celsius management, especially insiders including Alex Mashinsky, and his inner circle, which may include friends, family, associates, related companies like AON Insurance, GK8 and Fireblocks, and others surrounding them, is of premium importance in this case.
- I am concerned that if this is handled behind the scenes, toned down or with kit gloves because Alex retains a directorship seat at Celsius' parent company here in the UK, the creditors will recover much less and we will not know the full extent of what went wrong. The UCC is constrained by their need to work with Celsius and existing managers and achieve behind-the-scenes cooperation on restructuring, and they have even hinted as much at their recent town hall. Moving this to the examiner and taking this out of the UCC's hands will help depositors maximize our recovery against insiders while still allowing the UCC and Celsius to cooperate on restructuring.
- I believe that an investigation into the CEL token since its very beginning needs to also be completed and published by the examiner. Efforts to manipulate the price of CEL token and the way it was traded by market

makers needs to be examined. Since the CEL token was created, Celsius was complicit in manipulating the token, its price, and the depth of its order book on exchanges, and I believe they used our deposits to do this. Celsius didn't engage in these activities alone, however. Cryptocurrency exchanges were involved and the estate may have claims against those exchanges if securities laws were broken.

- Hours before bankruptcy, Celsius transferred \$320 million worth of crypto to the FTX exchange.<sup>1</sup> What happened with this transfer needs to be deeply investigated by the examiner.
- FTX exchange has perpetual futures and spot trading on the CEL token, and may be manipulating the price by allowing for naked shorts, which have led to the collapse in the token's price. This too needs to be investigated by the examiner.
- There have long been questions regarding whether FTX may have contributed to precipitating the "run on the bank" that expedited Celsius' freeze and subsequent bankruptcy filing. The bankruptcy estate may have claims against FTX and Sam Bankman-Fried if they facilitated trading and price manipulation in the CEL token, possibly in violation of securities laws, and potentially increasing the size of the balance sheet hole.

Bloomberg states that FTX may soon bid on Celsius's assets.<sup>2</sup> I am concerned that a company that may have helped precipitate the demise of Celsius through CEL token manipulation, and helped create its enormous balance sheet hole, is able to bid without a proper review of what happened, and that the estate may potentially get more net value from suing FTX than from a bid (if that bid would end claims against FTX.)

Questions that need to be answered in relation to FTX before they bid:

- Were FTX or Sam Bankman-Fried involved in organizing or paying for a "run on the bank" on Celsius Network?
- Were FTX or Sam Bankman-Fried involved in shorting CEL token, or have they ever funded a short on CEL token, whether in the past or now, on any exchange?

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<sup>1</sup> <https://cryptopotato.com/shortly-before-halting-withdrawals-celsius-transferred-320m-worth-of-crypto-to-ftx/>

<sup>2</sup> <https://www.bloomberg.com/news/articles/2022-09-27/crypto-billionaire-bankman-fried-eyeing-bid-for-celsius-assets>

Regardless of what happened in the past, I am not in any way against FTX bidding on assets of Celsius, as I only want the best recovery possible for depositors and welcome all who have passed some sort of due diligence to do so.

All that I ask is that before creditors look at an FTX bid, we review the estate's claims against FTX. If any possible damages may be due against the company, we need to know that.

A public report of what activities FTX engaged in around the CEL token from the examiner will provide that. Should price manipulation be discovered, FTX should be sued by the estate or offer Celsius depositors compensation.

This compensation could come through a bid and include pre-IPO equity in their company, FTX tokens, or other substantial amends to fill the Celsius balance sheet hole, on top of the full market price of all crypto on the balance sheet.

If FTX is interested in the mining, depositors should get 90% or more of the equity in it. Depositors are not interested in fire-sale cash offers for the mining operation or for our crypto, at the bottom of a crypto bear market, during massive quantifiable tightening, nor in selling our valuable customer information for mere pennies, nor in forgiving any claims around price manipulation that could be worth hundreds of millions of dollars in the longer term for a pittance in the short term.

Alex Mashinsky made many enemies. I understand the crypto industry is small. I also understand that users are extremely valuable, and that advertising, such as Super Bowl ads, has quite low returns. If an investigation shows that the Celsius balance sheet hole is bigger than it had to be because of FTX's activities, amends can be made, but there must be compensation for the retail investors who were hurt in the process, included in any offer.

Retail investors must not be victimized three times in a row, first by Alex's lies, then by his feud with a competitor (which we had no part in), and then by a predatory offer from that competitor at the bottom of a bear market. Possibly all planned.

Before any deal can be brokered, I believe we must have a public report that determines the value of any claims against FTX exchange or any other bidders that the estate may have. I also want to make sure that FTX and its affiliates or related parties, to the extent they are Celsius creditors, will not be voting on their own plan, which is a clear conflict of interest, or making side deals to enrich other creditors to get their plan over the finish line.

Celsius depositors have been asking FTX about this issue for weeks now. There has been no response forthcoming from FTX or its CEO Sam Bankman-Fried. Instead, those who ask on Twitter are simply blocked by the company or Mr Bankman-Fried.

I am not a fan of the CEL token. However, I agree with the biggest CEL token holders on this issue. Nearly the entire Celsius depositor community is united on this issue, watching and waiting. We want to know what happened between FTX before and after bankruptcy, and we need answers, which is why I am elevating this issue via the court in hopes that the examiner can investigate and report back to us.

Yours sincerely

Alexander P. Simmons  
Aka @digitechnomad